

**COMMITTEE ON BANKING AND FINANCIAL SERVICES
U.S. HOUSE OF REPRESENTATIVES**

**COMMITTEE HEARING
PROGRAM FOR INVESTMENT IN MICRO-ENTREPRENEURS ACT OF 1998**

**SUBMITTED BY
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Mr. Chairman: I regret I am unable to be with you today, but I am pleased my distinguished colleague, Senator Kennedy, has agreed to submit my statement in my absence.

It is a pleasure having the opportunity of sharing my views about "The Program for Investment in Micro-Entrepreneurs Act of 1998," also referred to as "The PRIME Act." I quickly agreed to join Senator Kennedy when he asked me to cosponsor this legislation. I have seen first-hand what a little technical assistance and training by experienced organizations can do when paired with creative, hardworking Americans hoping to start their own businesses. This legislation will help facilitate this cooperative endeavor.

Owning and managing one's own business is often considered a realization of the "American Dream." Achieving this dream, however, is more complicated than just luck, personal labor, and dedication. It demands an understanding of the intricacies of marketing, feasibility studies, accounting, an often overwhelming array of local, state and federal laws, as well as how to secure needed capital when collateral is minimal. Today, entrepreneurs need technical assistance, training, and general business guidance, particularly if the entrepreneur is economically disadvantaged. Across this country non-profit and community-based organizations provide these critical services, resources, and mentoring to the thousands of men and women who believe their ideas can be turned into viable and profitable businesses.

Some of you may be aware that I have been an activist these past seven or eight years in promoting the development of micro-entrepreneurship, particularly women-owned businesses. Between 1982 and 1987, women-owned firms increased by 57.5 percent, more than twice the rate of all U.S. businesses during that period. In 1987 they numbered approximately 4.1 million businesses, and by 1996, they had grown to approximately eight million businesses and employed 18.5 million people. That is one out of every four U.S. company workers and more than the Fortune 500 companies

employ worldwide. They generate an estimated \$2.3 trillion in sales and are in every industrial sector. Moreover, women-owned businesses have sustaining power with 40 percent remaining in business for twelve years or more. These statistics are truly impressive. I have seen for myself how professional technical assistance and training has helped so many of these businesses. In my State of New Mexico, I have closely followed the work of the very competent WEEST Corp organization, now located in five different sites throughout our State. This organization not only provides technical help, but also provides assistance for securing low interest loans. Without WEEST Corp, and other similar organizations, thousands of businesses would not have achieved the phenomenal growth and successes that have contributed so significantly to our American economy.

It has been a privilege working with the Senate Small Business Committee and its Chairman, Senator Bond. Chairman Bond is an extraordinarily strong proponent of helping both women-owned businesses and all micro-level entrepreneurs, and the committee has authorized increased funding for and expansion of programs that assist this segment of the business community. The majority of these programs are located and managed through the Small Business Administration (SBA), and we cannot underestimate how beneficial the SBA programs have been in assisting individual business owners.

At the same time I believe that "The PRIME Act," which provides grant monies through the Community Development Financial Institutions Fund (CDFI), will augment and complement existing small business programs. Through CDFI, we will strengthen the community-based organizations' ability to serve those clients most in need. These organizations have an excellent track record. They provide skilled professionals at the local level, in both urban and rural areas, with the hands-on assistance and mentoring so critical to developing and sustaining micro-level business ventures. Through CDFI, with its ability to focus its expertise most specifically in distressed communities and with those who have minimal access to the financial services industry, we can enhance, expand, and sustain individual and community-wide economic development.

Under this bill, nonprofit and microenterprise development organizations or programs working in conjunction with a State or local government or Indian tribe will be required to provide not less than fifty percent of their grants for assistance to very low-income persons--those having an income of no more than 150 percent of the poverty level. This provision ensures that those determined to be most in need and those who rarely, if ever, qualify for traditional assistance and credit, will have the benefit of expert advice and training. This is a segment of the population that is often overlooked as potential entrepreneurs, but one that can be as productive as any other when given the opportunity.

I believe "The PRIME Act" addresses an important need for further developing the micro-enterprise business sector. We in Congress recognize that it makes sense to advocate programs that enhance social and economic independence. It is a good investment for the future and will be returned many fold with individuals who can take charge of their and their family's lives, who have pride in their accomplishments, and who become active participants in the positive growth of their community. This bill requires private funds be matched for every federal dollar received, and this helps ensure that the private sector plays as important a role as the assistance provided from the public sector. This marriage of the private and public sectors, and community-based organizations with individuals, is the kind of collaborative undertaking we can and should support.

Mr. Chairman, I appreciate your giving time and attention to this bill today. I believe it deserves review, and hopefully, the committee will see fit to pass it in the near future. Thank you for the opportunity of presenting my support of this measure.

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